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JUL 16 2002  
OFFICE OF PETITIONS

## Notice to Employee as to Change in Relationship

(Issued pursuant to provisions of Section 1089  
of the California Unemployment Insurance Code)

Name of Employer:

Clinical Micro Sensors, Inc

Employee's Name: Steve O'Connor

Social Security # 512-84-3300

1. You were laid off/discharged on
2. You were on leave of absence starting
3. Your status changed from an employee  
to an independent contract on 2-13-99

Representative of Employer:

Name: Ginger Beason Title: Human Resource Manager

Signature: Ginger Beason

Received By: Steve O'Connor

Signature: SO'Connor



CLINICAL MICRO SENSORS, INC.

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EMPLOYEE PROPRIETARY INFORMATION AGREEMENT

As an employee of Clinical Micro Sensors, Inc., its subsidiaries, parent company or affiliates (together, the "Company"), and in consideration of the compensation previously and hereafter paid to me, I agree to the following:

1. MAINTAINING CONFIDENTIAL INFORMATION

a. Company Information. I agree at all times during the term of my employment and thereafter to hold in strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, firm or corporation without written authorization of the President of the Company, any trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulae, developmental or experimental work, computer programs, data bases, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its clients, consultants, or licensees.

b. Former Employer Information. I agree that I will not, during my employment with the Company, improperly use or disclose any proprietary information or trade secrets of my former or concurrent employers or companies, if any, and that I will not bring onto the premises of the Company any unpublished document or any property belonging to my former or concurrent employers or companies, if any, unless consented to in writing by such employers or companies.

c. Third Party Information. I recognize that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree that I owe the Company and such third parties, during the term of my employment and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation (except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party) or to use it for the benefit of anyone other than for the Company or such third party (consistent with the Company's agreement with such third party) without the express written authorization of the President of the Company.

2. RETAINING AND ASSIGNING INVENTIONS AND ORIGINAL WORKS

a. Inventions and Original Works Retained by Me. I have attached hereto, as Exhibit A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to my employment with the Company, which belong to me, which relate to the Company's proposed business and products, and which are not assigned to the Company; or, if no such list is attached I represent that there are no such inventions.

b. Inventions and Original Works Assigned to the Company.  
I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and will assign to the Company all my right, title, and interest in and to any and all inventions, original works of authorship, developments, improvements or trade secrets which I have solely or jointly conceived or developed or reduced to practice, or caused to be conceived or developed or reduced to practice, during the period of time I have been in the employ of the Company or which I may solely or jointly conceive or develop or reduce to practice, during the period of time I shall be in the employ of the Company. I recognize, however, that Section 2870 of the California Labor Code (as set forth in Exhibit B hereto) exempts from this provision any invention as to which I can prove the following:

- i. It was developed entirely on my own time; and
- ii. No equipment, supplies, facility or trade secret of the Company was used in its development; and
- iii. It neither
  - (1) relates at the time of its conception or reduction to practice to the business of the Company or to the Company's actual or demonstrably anticipated research and development; nor
  - (2) results from any work performed by me for the Company.

I acknowledge that all original works of authorship which have been and will be made by me (solely or jointly with others) within the scope of my employment and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 USCA Section 101).

c. Maintenance of Records. I agree to keep and maintain adequate and current written records of all inventions and original works of authorship made by me (solely or jointly with

others) during the term of my employment with the Company. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

d. Inventions Assigned to the United States. I agree to assign to the United States government all my right, title, and interest in and to any and all inventions, original works of authorship, developments, improvements or trade secrets whenever such full title is required to be in the United States by a contract between the Company and the United States or any of its agencies.

e. Obtaining Letters Patent and Copyright Registrations. I agree that my obligation to assist the Company to obtain United States or foreign letters patent and copyright registrations covering inventions and original works of authorship assigned hereunder to the Company shall continue beyond the termination of my employment, but the Company shall compensate me at a reasonable rate for time actually spent by me at the Company's request on such assistance. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign letters patent or copyright registrations covering inventions or original works of authorship assigned to the Company as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead, to execute and further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by me. I hereby waive and quitclaim to the Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any patents or copyright resulting from any such application for letters patent or copyright registration assigned hereunder to the Company.

f. Exception to Assignments. I understand that the provisions of this Agreement requiring assignment to the Company do not apply to any invention which qualifies fully under the provisions of Section 2870 of the California Labor Code, a copy of which is attached hereto as Exhibit B. I will advise the Company promptly in writing of any inventions, original works of authorship, developments, improvements or trade secrets that I believe meet the criteria in Subparagraphs 2b(i), (ii), and (iii) above; and I will at that time provide to the Company in writing all evidence necessary to substantiate that belief. I understand that the company will keep in confidence and will not disclose to third parties without my consent any confidential information

disclosed in writing to the Company relating to inventions that qualify fully under the provisions of Section 2870 of the California Labor Code.

3. CONFLICTING EMPLOYMENT

I agree that, during the term of my employment with the Company, I will devote full time to the business of the Company and will not engage in any other employment, occupation, consulting or other business activity directly or indirectly related to the business in which the Company is now involved or becomes involved during the term of my employment, nor will I engage in any other activities that conflict with my obligations to the Company. If I wish to engage in any other employment during the time I am engaged by the Company, I will first obtain the Company's written consent before accepting such additional employment.

4. NO BREACH OF DUTY

I represent that my performance of all the terms of this Agreement and as an employee of the Company does not, and to the best of my present knowledge and belief, will not breach any agreement or duty to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict herewith. I am not at the present time restricted from being employed by the Company or entering into this Agreement.

5. RETURNING COMPANY DOCUMENTS

I agree that, at the time of leaving the employ of the Company, I will deliver to the Company (and will not keep in my possession or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to the Company, its successors or assigns. In the event of the termination of my employment, I agree to sign and deliver the "Termination Certification" attached hereto as Exhibit C.

6. NON-SOLICITATION; NON-COMPETITION

During the term of my employment by the Company, and for twelve months thereafter, I shall not, directly or indirectly, without the prior written consent of the Company;



a. solicit or induce any employee of the Company to leave the employ of the Company or hire for any purpose any employee of the Company or any former employee who has left the employment of the Company within six months of the date of termination of such employee's employment with the Company; or

b. solicit or accept employment or be retained by any party who, at any time during the term of my employment, was a client, consultant, or joint venture partner of the Company if such entity is engaged in any activity, business or enterprise that is competitive with any significant part of the business conducted by the Company or any subsidiary or affiliate thereof at the time of the termination of my employment or as contemplated to be conducted by the Company at such time;

c. solicit or accept the business of any client of the Company, in any manner which is competitive (directly or indirectly) with the Company or any subsidiary or affiliate or joint venture partner thereof; or

d. become employed by, or perform services for, any business which is competitive with any significant part of the business conducted by the Company or any subsidiary or affiliate thereof at the time of the termination of my employment or as contemplated to be conducted by the Company at such time in any county in which the Company is then doing business.

I recognize, understand, agree and acknowledge that the Company has a legitimate and necessary interest in protecting its goodwill and confidential information and that the identity and particular business needs of clients will be conveyed to me during the term of my employment and such information constitutes confidential information which is not publicly available.

#### 7. INJUNCTIVE RELIEF

I understand that any breach by me of any of the obligations hereunder relating to the protection of Company proprietary information could cause the Company to suffer great harm for which money damages alone might not constitute adequate or reasonable compensation. I therefore agree that the Company shall be entitled to obtain injunctive relief from a court of competent jurisdiction in order to prevent an anticipated or continuing breach of my obligations hereunder. I also agree that such injunctive relief may be imposed without the necessity for the Company to post a bond.

#### 8. AT-WILL EMPLOYMENT

I agree that unless specifically provided in another writing signed by me and (a) an executive officer of the Company if I am not an executive officer of the Company, or (b) another executive officer of the Company if I am an executive officer of the Company, my employment by the Company is not for an indefinite period of time. Rather, my employment relationship with the Company may be terminated at any time, with or without cause, by me or by the Company. Nothing in this Agreement is intended to change the nature of that relationship.

9. GENERAL PROVISIONS

a. California Law. This Agreement will be governed by the laws of the State of California.

b. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and merges all prior discussions between us. No modification of or amendment to this Agreement, nor any waiver of any rights under this agreement, will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

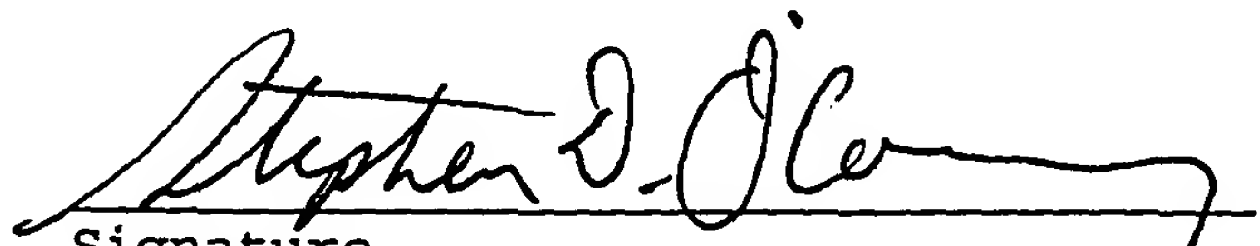
c. Severability. If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.

d. Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

Date:

4-3-96

Signature



Stephen D. O'Connor  
Name of Employee (typed or printed)

ACCEPTED AND AGREED TO:

CLINICAL MICRO SENSORS, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

*President*





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EXHIBIT A  
LIST OF PRIOR INVENTIONS  
AND ORIGINAL WORKS OF AUTHORSHIP

| <u>TITLE</u> | <u>DATE</u> | <u>IDENTIFYING NUMBER<br/>OR BRIEF DESCRIPTION</u> |
|--------------|-------------|--|
|--------------|-------------|--|



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EXHIBIT B

CALIFORNIA LABOR CODE SECTION 2870  
EMPLOYMENT AGREEMENTS, ASSIGNMENT OF RIGHTS

California Labor Code § 2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

- (a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:
  - (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
  - (2) Result from any work performed by the employee for the employer.
- (b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

Added Stats 1979 ch 1001 § 1; Amended Stats 1986 ch 346 § 1;  
Amended Stats 1991 ch 647 § 5.



EXHIBIT C  
CLINICAL MICRO SENSORS, INC.  
TERMINATION CERTIFICATION

This is to certify that I do not have in my possession, nor have I failed to return, any devices, records, data, notes, reports, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to Clinical Micro Sensors, Inc., its subsidiaries, affiliates, successors or assigns (together, the "Company").

I further certify that I have complied with all the terms of the Company's Proprietary Information Agreement signed by me, including the reporting of any inventions and original works of authorship (as defined therein) conceived or made by me (solely or jointly with others) covered by that agreement.

I further agree that, in compliance with the Proprietary Information Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, data bases, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its clients, consultants or licensees.

Date: \_\_\_\_\_

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Name of Employee (typed or printed)